(vi) Disposal of idle assets; and

(vii) Financial restructuring.

(c) The details of losses by each of SAIL's subsidiaries during the last three years are as follows:—

(Rs./Crores)

	Profit/Loss (—) after tax		
Year	IISCO	VISL*	MEL
1996-97	(—)213	(—)102	(—)1.6
1997-98	(—)395	(—)84	1.5
1999-99	(—)357	*	)11.1

*merged with SAIL w.e.f. 01-04-1998.

(d) The reasons for losses made by the subsidiaries are, inter-alia, as follows:

(i) Slow down in demand for steel;

(ii) Greater competition from imports and enhancement of supplies in domestic markets;

(iii) Increase in input costs;

(iv) Old and outdated technology;

(v) Energy intensive technology and high power cost; and

(vi) Labour intensive operation.

Modernisation of IISCO

604. SHRI NILOTPAL BASU:
SHRI DIPANKAR MUKHERJEE:

Will the Minister of STEEL be pleased to state:

(a) the present status on the modernisation of IISCO in Burnpur;

(b) whether the Government are contemplating any fresh initiative to modernise it with domestic resources; and

(c) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) to (c) IISCO is a sick company and has been under reference to BIFR since June, 1994, A revised proposal has been received by SAIL which inter alia includes writing off of accumulated losses, use of Rupee debt funds to revive IISCO in a Joint venture (JV) with M/s. Tyazhpromexport (TPE) of Russia. The revised proposal envisages an investment of Rs. 798 crores.

However, any scheme to be taken up for revival or modernisation of IISCO will have to be in accordance with the orders of BIFR in this regard.

Financial Crisis Faced by Sail

605. SHRI BHAGABAN MAJHI:
SHRI ANANTA SETHI:

Will the Minister of STEEL be pleased to state:

(a) Whether the Steel Authority of India (SAIL) has been facing financial crisis;

(b) if so, the reasons therefor;

(c) the steps proposed to be taken to restore and improve the financial position of SAIL; and

(d) the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Yes, Sir. SAIL has suffered losses in 1998-99 and also in the first half of 1999-2000.

(b) The main reasons for financial crisis in SAIL are, inter-alia as follows:

(i) Slow down in demand for steel;

(ii) Greater competition from imports and enhancement in supplies in domestic markets;

(iii) Increase in input costs;

(iv) Higher interest and depreciation cost, because of capitalization of modernisation and other capital schemes, which could not be fully neualaised by better techno-economic